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For The Northern Mariana Islands  
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(Deputy Clerk)

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MICRONESIA WOODCRAFT ENT., INC. et al.

UNITED STATES DISTRICT COURT

FOR THE

DISTRICT OF THE NORTHERN MARIANA ISLANDS

SAIPAN HANDICRAFT,

Plaintiff,

v.

MICRONESIA WOODCRAFT ENT.,  
INC., TIRZO J. ADRIATICO,  
individually and as President of  
Micronesia Woodcraft Ent., Inc., and  
JOHN DOES 1-40,

Defendants.

CIVIL ACTION NO. 05-0040

**DEFENDANTS' OPPOSITION TO  
PLAINTIFFS' MOTION FOR  
PRELIMINARY INJUNCTION**

Date: January 6, 2006

Time: 10:00 a.m.

Judge: Hon. Alex R. Munson

COMES NOW Defendants Micronesia Woodcraft, Enterprises, Inc.  
and Tirzo J. Adriatico, through their counsel of record, Danilo T. Aguilar, Esq.  
and hereby submit their opposition to Plaintiffs' request for preliminary  
injunction. Defendants' opposition is supported by the attached memorandum of  
points and authorities, the declaration of Defendant Tirso J. Adriatico, and any  
evidence that may be adduced at a hearing on this matter.

ORIGINAL

**DEFENDANTS' MEMORANDUM OF POINTS AND AUTHORITIES IN  
OPPOSITION TO PRELIMINARY INJUNCTION**

**I. BACKGROUND.**

On or about December 1, 2005, Plaintiffs filed a complaint with this Court alleging eight different causes of action. Of these eight causes of action, only the first four causes of action arise under Title 15 of the United States Code. The current motion for preliminary injunction is brought to enforce the first cause of action under 15 U.S.C. §1125(a), which prohibits "false designation of origin, false misleading description of fact, or false or misleading misrepresentation of fact, which . . . is likely to cause confusion . . ."

Based upon Plaintiffs' moving papers, Plaintiffs' seek a preliminary injunction to prevent Defendants from utilizing Plaintiffs' alleged trademark in the term or name "Bo Jo Bo Doll" and "Legend of the Bo Jo Bo Wishing Doll."

In addition to preventing Defendants from using an alleged trademark, Plaintiffs also claim that they are entitled to protection for their "trade dress" of the dolls that they produce. Defendants' specifically claim that their protected trade dress encompasses the following: 1) use of hair on the doll; 2) use of a pistachio nut hut on the doll; 3) painting on of a mouth; 4) use of a "non-stiff" or "flat" skirt on the doll; 5) use of a label. Interestingly enough, the motion for preliminary injunction does not seek to stop Defendants from manufacturing or selling Bo Jo Bo Dolls, the motion only seeks to stop Defendants from utilizing these alleged trade dress features.

## II. STANDARDS FOR INJUNCTIVE RELIEF.

In order to obtain a preliminary injunction, a movant must demonstrate “either a likelihood or success on the merits and the possibility of irreparable injury, or that serious questions going to the merits were raised and the balance of hardship tips sharply in its favor. *Sega Enterprises Ltd., Accolade, Inc.*, 977 F.2d 1510, 1517 (9<sup>th</sup> Cir. 1992). Plaintiffs also state a similar standard articulated in *Stanely v. University of Southern California*, 13 F.3d 1313, 1319 (9<sup>th</sup> Cir. 1994), however Plaintiffs suggest that a court should first consider “irreparable harm” even before “likelihood of success on the merits.” It is Defendants’ position that this Court should first consider “likelihood of success on the merits” before it reaches the issue of irreparable harm.

## III. MERITS OF PLAINTIFFS’ CLAIMS.

The only issues for consideration in this preliminary injunction motion are the merits of Plaintiffs’ alleged claim for trademark protection and protection of their alleged trade dress. Although Plaintiffs’ moving papers cite a number of cases that may provide some guidance to resolve the issues raised in the motion, Plaintiffs’ statement of the law as their respective burden of proof is woefully inadequate. Plaintiffs have not even stated what factors have to be considered to prevail on claims of trademark infringement and what must be shown to obtain trade dress protection under the Lanham Act.

It is Defendants’ belief that once the Court is aware of the burden that must be carried by Plaintiffs to prove their respective claims, this motion for

1 preliminary injunction would be found to be without merit and accordingly, deny  
2 this motion.

3       **A. Plaintiffs' Trademark Claim.**

4               “The purpose of a trademark is to distinguish the goods of one person  
5 from those of another . . . and its primary and proper function is to identify the  
6 origin or ownership of the article to which it is affixed.” *Dollcraft Co., et al. v.*  
7 *Nancy Ann Storybook Dolls, Inc.*, 94 F.Supp. 1 (N.D. Cal. 1950), *citing Standard*  
8 *Paint Co. v. Trinidad Asphalt Mfg., Co.*, 220 U.S. 446, 447 31 S.Ct. 456, 55 L.Ed.  
9 536 (1911).

10               In trademark infringement claim, a distinction has to be made whether  
11 the claimed mark is registered or not. A threshold element in proving trademark  
12 infringement is that the party asserting infringement must have a valid trademark.  
13 *Yellow Cab Company of Sacramento v. Yellow Cab of Elk Grove, Inc.*, 419 F.3d  
14 925, 928 (9<sup>th</sup> Cir. 2005). If a trademark is registered, the holder of the trademark  
15 is discharged from proving the validity of the trademark and would have prima  
16 facie evidence of a valid trademark. *Id.* If a trademark is not registered, the  
17 holder asserting infringement has the burden of proving that the claimed mark is  
18 valid. *Id.*

19               An additional burden of proof also arises for a plaintiff in an  
20 infringement action if a defendant raises a defense that the claimed mark is  
21 generic. If plaintiff can overcome the burden that a trademark is generic, the  
22 plaintiff has another burden of proving that the claimed trademark has acquired  
23 secondary meaning. *Id.* In this case, Defendants Micronesian Woodcraft and Tirzo  
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1 Adriatico believe that the claimed marks of “Bo Jo Bo Doll” and “Legend of the  
2 Bo Jo Bo Wishing Doll” have become generic terms.

3           The Ninth Circuit uses the “Who-are-you/What-are you test?” to  
4 determine if a trademark is considered generic or non-generic. *Yellow Cab*, 419  
5 F.3d at 930. Under this test, the court first asks three distinct questions of a  
6 trademark: 1) Who are you?; 2) Where do you come from?; 3) Who vouches for  
7 you?. *Id.* A trademark is deemed non-generic if it can affirmatively answer one of  
8 these 3 questions. However, a generic mark will answer only the question “What  
9 are you?”. *Id.* If the mark is generic, no further analysis is required and the  
10 alleged mark is not subject to protection. If the mark is not generic, the inquiry  
11 shifts again to the holder of the mark to prove acquisition of secondary meaning.  
12 *See Yellow Cab*, 419 F.3d 925.

13  
14           The term Bo Jo Bo doll or Legend of the Bo Jo Bo Wishing doll is  
15 unable to answer any of the three questions imposed by the Ninth Circuit in *Yellow*  
16 *Cab*. By posing the question “What are you?”, it is clear that the term “Bo Jo Bo  
17 Doll” and “Legend of Bo Jo Bo Wishing Doll” are descriptive in nature and do not  
18 evince a source or manufacturer of a the product. In *Dollcraft Co., et al. v. Nancy*  
19 *Ann Storybook Dolls, Inc*, the district court’s analysis easily sums up why the  
20 trademarks claimed here are not valid:  
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23           The names are descriptive ones which do not point to the origin or  
24 ownership nor indicate in the slightest degree the person, natural, or  
25 artificial, who manufactured such dolls or brought them to market. As  
26 so applied, all of the above names are incapable of performing the  
27 function of a trademark; they are not susceptible of exclusive  
28 appropriation by one party for they are names which, from the nature  
of the fact they are used to signify, may be employed by others with  
equal truth and equal right for the same purpose.

94 F.Supp. at 5.

1 If the mark is descriptive, Plaintiffs can still claim trademark  
2 protection, if they prove the trademark has acquired a “secondary meaning”. No  
3 evidence has been brought forth to support such a finding. The court should find  
4 that the claimed trademarks are not valid nor protectible under the Lanham Act.  
5

6  
7 **B. Plaintiffs’ Trade Dress Claim.**

8 Plaintiff correctly states that a party may have a claim under Section  
9 43(a) of the Lanham Act for infringement of “trade dress”. *See Two Pesos, Inc. v.*  
10 *Taco Cabana, Inc.*, 505 U.S. 763, 775, 112, S.Ct. 2753, 2761 (1992); *see also Wal-*  
11 *Mart Stores, Inc. v. Samara Brothers*, 529 U.S. 205, 120 S.Ct. 1339 (2000).

12 Plaintiff also properly defines “trade dress” as the “total image of a product and  
13 may include such features as size, shape color, texture, and graphics.” *See*  
14 Plaintiffs’ Memorandum of Points and Authorities, at 2. Coverage under Section  
15 43(a) of the Lanham Act (codified as 15 U.S.C. §1125(a)) does not require that the  
16 trade dress to be registered with the U.S. Patent and Trademark Office.  
17

18 To determine whether trade dress is entitled to protection, it must  
19 meet the following criteria:  
20

- 21 1) the claimed trade dress is non-functional;
- 22 2) the trade dress is distinctive;
- 23 3) whether imitation of the trade dress will create a likelihood of  
24 confusion.

25 (Emphasis added).

26 *See Bayline Partners, L.P. v. Weyerhaeuser Co.*, 31 U.S.P.Q.2d 1051,  
27 ----- (1994).  
28

1 “Out of all the elements for trade dress law, functionality may be the most  
2 important. ‘Functionality is a potent public policy, for it trumps all evidence of  
3 actual consumer identification of source and all evidence of actual consumer  
4 confusion by an imitator’.” *Id.*

5  
6 Where a claimed trade dress is not registered, the burden of proof is  
7 on the plaintiff to show that the claimed trade dress is non-functional, 15 U.S.C. §  
8 1125(a)(3); *see also HWE, Inc. v. JB Research, Inc.*, 993 F.2d 694, 696 (9<sup>th</sup> Cir.  
9 1993).

10 In general terms, a product feature is functional if it is essential to the  
11 use on purpose of the article or it affects the cost or quality of the article. *Id.*  
12 Functional features of a product are features, which constitute the actual benefit  
13 that the consumer wishes to purchase, as distinguished from an assurance that a  
14 particular entity made, sponsored, or endorsed a product. *Bayline Partners v.*  
15 *Weyerhaeuser*, 31 U.S.P.Q.2d 1051, \_\_\_\_\_. Products or features which have not  
16 qualified for patent protection, but which are functional are in the public domain  
17 and are fair game for imitations and copying, *Id. citing Keene Corp. v. Paraflex*  
18 *Industries Inc.*, 653 F.2d 822, 824 (3<sup>rd</sup> Cir. 1981).

19  
20 Courts have recognized that trade dress may be analyzed under 2  
21 different types of functionality. The first type is “operational” functionality. This  
22 examines whether the proposed trade dress is a critical part of the function or use  
23 of the product. *See Donna-Margaret Goscicki v. Custom Dress & Copper*  
24 *Specialties Inc.*, 229 F.Supp.2d 743, 749 (E.D. Mich. 2002). The other test for  
25 functionality is “aesthetic functionality”. The U.S. Supreme Court and other  
26 federal courts have utilized guidelines found RESTATEMENT (THIRD) OF  
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28

1 UNFAIR COMPETITION, as its test for “aesthetic functionality”, which states in  
2 part:

3 When aesthetic considerations play an important role in the  
4 purchasing decisions of prospective consumers, a design features that  
5 substantially contributes to the aesthetic appeal of a product may  
6 qualify as functional. As with utilitarian design features, however, the  
7 fact that the design performs a function by contributing to the  
8 aesthetic value of the product does not in itself render the design  
9 ineligible for protection as a trademark. A manufacturer thus does not  
10 forfeit trademark rights simply because prospective purchasers find  
11 the design aesthetically pleasing. A design is functional because of  
12 its aesthetic value only if it confers a significant benefit that cannot  
13 practically be duplicated by the use of alternative designs. Because of  
14 the difficulties inherent in evaluating the aesthetic superiority of a  
15 particular design, a finding of aesthetic functionality will be made  
16 only when objective evidence indicates a lack of adequate alternative  
17 designs. Such evidence typically is available only when the range of  
18 alternative designs is limited either by the nature of the design feature  
19 or by the basis of its aesthetic appeal. The ultimate test of aesthetic  
20 functionality, as with the utilitarian functionality is whether the  
21 recognition of trademark rights would significantly hinder  
22 competition.

23 (Emphasis added).

24 *Qualitex Company v. Jacobson Products Company*, 514 U.S. 159, 169, 115 S.Ct.  
25 1300, 1306 (1999); *see also Donna-Margaret Goscicki v. Custom Brass & Copper*  
26 *Specialties*, 229 F. Supp 2d at 750-751.

27 Aesthetic functionality will not preclude a finding of non-  
28 functionality where the design also indicates the source. *Donna-Margaret Goscicki*  
29 *v. Custom Bras,s* 229 F.Supp.2d at 752.

30 In the case at hand Plaintiff has the burden of proving that the trade  
31 dress it seeks protection to wit, hair, a mouth, a pistachio nut hat, a skirt other  
32 than a distinct stiff and flat style, and a label on a “Bo Jo Bo” doll, are in fact  
33 “non-functional.



1 As to operational functionality, Defendants would concede that the  
2 trade dress features claimed by Plaintiffs would not meet the definition of being  
3 operationally functional. However, these same features are in fact aesthetic traits  
4 on the Bo Jo Bo doll and may be deemed as aesthetically functional.  
5

6 A finding of aesthetic functionality will be made only when objective  
7 evidence indicates a lack of alternative designs. The burden that must be carried  
8 by Plaintiffs to show that their claimed trade dress is not aesthetically functional,  
9 is that Defendants can utilize other designs that can be made to these Bo Jo Bo  
10 dolls without utilizing their alleged trade dress.

11 The court only needs to look at the size of those dolls and the  
12 materials to objectively find that a lack of alternative designs exist for these  
13 products. How many other ways can a Bo Jo Bo doll be designed if Plaintiffs'  
14 alleged trade dress features were not permitted? The alleged trade dress are  
15 clearly utilized to improve the image of the doll. The claimed trade dress design  
16 asserted by Plaintiffs does not in any way indicate the source of origin or the  
17 manufacturer of the dolls. If Plaintiffs now claim that the use of hair, a hat, a  
18 mouth, a non-stiff skirt, and label on a "Bo Jo Bo" doll are associated with their  
19 business, Plaintiffs have failed to meet their burden of showing the acquisition of  
20 a secondary meaning in the claimed trade dress. Plaintiffs' are asking this court  
21 to stop Defendants from using labels, however, the label is the very thing that  
22 would indicate source and origin.  
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25 If the court were to recognize Plaintiff's alleged trade dress, it would  
26 effectively hinder competition in the sale of these Bo Jo Bo dolls. Plaintiffs'  
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1 trade dress should be deemed aesthetically functional and accordingly the court  
2 should deny the motion for preliminary injunction on this basis alone.

3           Assuming *arguendo*, that the Plaintiff's have met their burden of  
4 showing their claimed trade dress in non – functional, Plaintiff would then have  
5 the additional burden of showing that the trade dress is distinctive and has  
6 acquired secondary meaning. In *Two Pesos, Inc. v. Taco Cabana, Inc.*, the U.S.  
7 Supreme Court initially held that trade dress can be inherently distinctive and  
8 would be protectible under Section 43 (a) of the Lanham Act. 505 U.S. at 773. In  
9 a later case U.S. Supreme Court carved out another rule for matters concerning  
10 unregistered trade dress design. In *Wal-Mart Stores, Inc. v. Samara Brothers*, 529  
11 U.S. 205 (2000), the Court held that in an action for infringement of trade dress, a  
12 product's design is distinctive and protectible, only upon a showing of secondary  
13 meaning. 529 U.S. at 216. When assessing distinctiveness of such a dress, a court  
14 should consider "whether it is likely to serve primarily as a designation of origin  
15 of product". *EFS Marketing, Inc. v. Russ Bernie & Co., Inc.* 76F.3d 487, 491 (2<sup>nd</sup>  
16 Cir. 1996).

17           Plaintiffs have not brought forth any evidence to show that their  
18 alleged trade dress can be considered as being distinctive. Plaintiff has also not  
19 demonstrated that its alleged trade dress has acquired some sort of secondary  
20 meaning to justify it being protected. The features claimed by Plaintiff as trade  
21 dress do not meet the second part of the test for protection as a protectible trade  
22 dress. *See Bayline Partners v. Weyerhaeuser*, 31 U.S.P.Q.2d. 1051, \_\_\_\_.

1 If Plaintiff cannot demonstrate that its trade dress is non-functional  
2 and that it is inherently distinctive with an acquired secondary meaning, the court  
3 may dismiss the claim and deny the preliminary injunction with out having to  
4 consider likelihood of consumer confusion. *EFS Marketing, Inc. v. Russ Bernie &*  
5 *Co., Inc.* 76F.3d 487, 491 (2<sup>nd</sup> Cir. 1996).  
6

7 Based on the foregoing analysis, it is clear that Plaintiff does not have  
8 a likelihood to succeed on the merits as to its trade dress claim.  
9

10 **C. Irreparable Injury.**

11 Part of the equation for a preliminary injunction is a showing of  
12 irreparable harm on the part of the movant. Plaintiff states that it has suffered  
13 irreparable harm in the form decreasing sales, loss of customer, clients,  
14 advertising and goodwill that belonged to Plaintiff.  
15

16 Despite these allegations, Plaintiff has not submitted any supporting  
17 declarations nor have they made any specific factual allegations pertaining to  
18 these losses they state in their moving papers. It appears at this point, based upon  
19 the moving papers, is that the injury claimed by Plaintiffs is purely economic in  
20 nature. Evidence of purely economic harm is insufficient to satisfy Plaintiff's  
21 burden. *See Bayline Partners v. Weyerhaeuser*, 31 U.S.P.Q. 1051, \_\_\_\_\_.  
22

23 A Plaintiff is not entitled to any presumption of irreparable harm  
24 when it fails to show a reasonable likelihood of success on the merits of its trade  
25 dress claim or even make out a prima facie case of trade dress infringement. *Id.*  
26 It may even be unnecessary to consider irreparable injury, if Plaintiffs are not  
27  
28

1 likely to succeed on the merits. *Polaris Pool Systems v. Letro Products, Inc.*, 886  
2 F.Supp. 1513 (C.D. Cal. 1995).

3           The Court can deny the motion for preliminary injunction on this basis  
4 of failing to show irreparable harm.  
5

6  
7           **D.     Serious Questions Raised and Balancing of Hardships.**

8           Plaintiffs claim alternatively that they are also entitled to preliminary  
9 injunction on the basis that the balancing of equities tips in their favor. In  
10 determining a balance of hardships, the Court must also consider the hardship of  
11 the Defendants if the preliminary injunction were to issue. *Graham Webb, Intl. v.*  
12 *Helene Curtis, Inc.*, 17 F.Supp.2d 919 (D.Minn.1998). As part of Plaintiffs'  
13 claims of hardships, they state that confusion in the use of similar trade dress  
14 would result in additional losses of more clients, more goodwill, and the  
15 diminshment of reputation. However, Plaintiffs do not present any evidence to  
16 support their statement of hardship.  
17

18           However, if the preliminary injunction were to issue preventing  
19 Defendants from selling its version of dolls with hair, a hat, or a skirt, it would  
20 result in a loss of about 60% of the company's income. *See Declaration of Tirso*  
21 *Adriatico*, ¶25. The company also has 22 employees involved in the production of  
22 Bo Jo Bo dolls. If the preliminary injunction were to issue, Defendants would be  
23 unable to sell or manufacture dolls with hair, a cap, a mouth, a skirt, and a label.  
24 Current production of dolls with either hair, a hat, or skirt accents accounts for  
25 about 90% of the dolls that Defendants manufacture and an injunction would  
26 essentially shut down the business. *See Declaration of Tirso Adriatico*, ¶21.  
27  
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1 With the income loss combined with inability to manufacture and sell these dolls,  
2 Defendants will have to lay off employees in Rota and Saipan from its current  
3 level of 24 employees to less than 10 employees. *See* Declaration of Tirso  
4 Adriatico, ¶24.

5  
6 The impact of a preliminary injunction on the Defendants would be  
7 devastating not only to its business, but it would have an effect increasing  
8 unemployment with a loss of 12 to 14 jobs in Rota and Saipan. The hardships of  
9 an injunction tip more heavily in favor of the defendants.

#### 10 11 **E. Public Interest**

12 Plaintiff claims that it would serve a public interest to issue the  
13 injunction and prevent businesses from “palming off” the goods of another  
14 business. Plaintiff assumes that its only burden in this case is to prove liability  
15 and the need for injunction is to show likelihood of confusion. See page 6 of  
16 Plaintiff’s Memo of Points and Authorities.

17  
18 It should be clear to the Court that the burden that must be met by  
19 Plaintiff is a much heavier burden that requires significant analysis even before  
20 the likelihood of confusion becomes a factor of determining liability.

21  
22 As noted in Section II (B) of this Memorandum of Points and  
23 Authorities, the public policy of free competition is a much more important  
24 consideration. The Ninth Circuit in *E-Systems, Inc. v. Monitek*, 720 F.2d 604, 607  
25 (9<sup>th</sup> Cir. 1983), recognized that “the objectives of trademark law are (1) to protect  
26 consumers from being misled as to the source of the products, (2) to prevent  
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1 impairment of the trademark's value to its owner and (3) to achieve both of the  
2 preceding two objectives consistent with free competition.

3 Unless Plaintiffs meet their burden of being able to prevail on the  
4 merits, granting the preliminary injunction would violate public policy. The high  
5 burden imposed upon claimants of trademarks is to ensure that such trademarks are  
6 valid and would be entitled to trademark protection as a matter of law. Without  
7 such a minimal showing, trademark protection would be nothing more than an  
8 avenue to stifle free competition.  
9

#### 10 11 **IV. CONCLUSION**

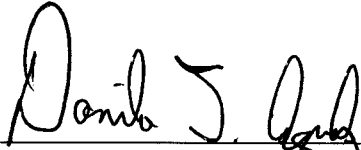
12 A party seeking a preliminary injunction has a difficult burden to  
13 carry in order to obtain such relief. In this case, Plaintiffs have the initial burden  
14 of showing a likelihood of prevailing on the merits. In a trademark infringement  
15 matter, specific requirements must be met to prove violations under the Lanham  
16 Act.  
17

18 With the facts before the Court, Plaintiffs are simply unable to meet  
19 initial burdens of proof that Plaintiffs alleged trademarks are even protectible  
20 under the Lanham Act. Plaintiffs have not presented any serious questions  
21 regarding alleged infringement or trademarks. In fact, the inverse has occurred  
22 and serious questions have been raised as to the merits of Plaintiffs' claims.  
23

24 Plaintiffs have completely wasted this Courts' time by filing this  
25 motion for preliminary injunction and not being able to meet at least their initial  
26 burden.  
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1 Based on the foregoing, the Court should deny the Motion for  
2 Preliminary Injunction.

3 Respectfully submitted this 4th day of January, 2006.  
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8 **DANILO T. AGUILAR, F0198**  
9 Attorney for Defendants  
10 Micronesian Woodcraft, Ent., Inc. and  
11 Tirso Adriatico.  
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